

CalPERS Health Rates Webinar

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Segment: Health Plan Design & Benefit Changes Webcast
Call Operator: _____
Moderator: Bob Burton
Guests: Terri McIntyre

Audio Transcript

Call Operator:

Ladies and gentlemen, once again I'd like to welcome you to today's CalPERS presentation entitled "2012 CalPERS Health Plan Design, Rate, and Benefit Changes" webcast. Now, without further delay, let me turn the floor over to your moderator, Bob Burton.

Bob Burton:

Thank you. And I echo the welcome to the Webinar on CalPERS Health Plan Design Rate and Benefit Changes. CalPERS is a proven leader. We've provided health benefits for nearly 50 years. We provide health benefit coverage to over 1.3 million active and retired state, school and local government employees and their family members. We spend over \$6 billion dollars annually to purchase health benefits; making us the second largest purchaser in the nation after the federal government. Our purchasing power provides a comprehensive benefit structure and stable rates. The CalPERS Board is committed to providing innovative programs designed to contain costs and increase the wellness of our members.

We launched our Wellness and Disease Management Program several years ago, along with the Preventative Care Benefit at zero copay. We've seen improvement in the health of our members through these initiatives. We partner with research groups to study cost drivers, evidence based outcomes and national trends.

Recently the board approved a new approach to finding out what you value most in your health benefits program. We asked you. A comprehensive survey was sent to members and employers in July. Your responses will help us in future plan designs.

On our agenda for today we'll discuss the following items: We'll look at 2012 premium changes, program changes and delivery approaches. Our health partners: Anthem Blue Cross, CVS Caremark, Blue Shield of California, and Kaiser Permanente will brief you on benefit and design changes. We'll show you how to access some helpful resources. And, during the question and answer session we'll answer the questions you submit throughout the course of the webinar as time permits.

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It's my pleasure now to welcome Terri McIntyre of the CalPERS Health Account Services Section, who is joining us with a look at rate changes. Terri?

Terri McIntyre:

Thank you, Bob. We begin with a look at the overall health premium changes for the 2012 benefit year. These percentages reflect the overall rate changes for the state agencies and contracting agencies combined.

Next, we will look at the premium changes between 2011 and 2012 basic plan premium. The next slide shows the rate changes for the state basic plans. State rates are used by the state and California State University Employers. They are not regionally rated as these employers have offices throughout the state.

These next few slides show the percentage change in premiums for each region. The board approved regional rating for contracting agencies beginning with the 2005 calendar year. The regions are reviewed each year to maintain correct placement of counties within regions and reflects the market cost of providing health coverage to members in the various regions.

Our next slide shows the change to Medicare plan rates. Medicare plan rates are the same for all state and contracting agency members within all regions.

Now we'll look at the upcoming changes to the CalPERS Health Benefits Program.

Starting on January 1, 2012 there will be a \$5 increase in the prescription drug copay at retail for brand medications. In addition, we have standardized the costs of 90-day mail order prescriptions. The 90-day mail order costs will now equal the retail copay of two 30-day prescriptions.

The program will also implement a "member pays the difference" requirement. When a doctor prescribes a medication as "dispense as written" and for members who select a brand named medication when a generic equivalent approved by the Food and Drug Administration is available, the member will be responsible for paying the difference in cost between the two medications. Each plan has an exception process in place should the brand name medication be medically necessary. These changes to the pharmacy program result in overall savings in premium of \$52.8 million dollars.

CalPERS has negotiated a contract with CVS Caremark as the Pharmacy Benefit Manager for our self-funded Preferred Provider Organization, or PPO plans. CVS Caremark is focused on transparency, specialized services and customer care and is committed to providing a seamless transition for CalPERS members enrolled in our PPO program. Caremark's transition goal is to maintain the

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highest levels of clinical integrity and patient health while minimizing member disruption.

CalPERS initiated a series of value based purchasing design programs last year. These include: A \$30,000 benefit limit for hip and knee replacements provided by our self-funded PPO plan, and a \$250 copay for Blue Shield members who select an outpatient hospital instead of an ambulatory surgical center for upper and lower endoscopy, cataract surgery, and spinal injection services.

In 2012 Value Based Purchasing will be applied in our self-funded PPO plans to three common procedures. These are colonoscopy, cataract surgery, and arthroscopy. Our Anthem Blue Cross representative will tell you more about this value based solution. This change achieved a savings of \$7.5 million dollars in premium.

Now here is a brief overview of the CalPERS Health Plan delivery approach. The CalPERS Health Benefits Program provides a choice of coverage options subject to each participant's geographic location. The delivery approaches used and the plans offered are: Our CalPERS Self-Funded Preferred Provider Organization or PPO model, which is administered by Anthem Blue Cross. These plans include PERS Choice, PERS Select, and PERS Care. The CalPERS self-funded PPO options of PERS Choice and PERS Care are available everywhere throughout the nation and the world. Our IPA, Independent Physicians Association model is represented by the Blue Shield Access Plus and Blue Shield Net Value Plan.

Under the IPA model a group of physicians contract with the HMO to provide services to the HMO's enrolled subscribers through medical groups. Members are restricted to using doctors and facilities within their medical group. Our HMO staff model is represented by Kaiser Permanente. Under a staff model physicians are employees of the HMO. Kaiser's participating physicians are employees of the Permanente Medical Group.

A common question asked is: What is the difference between a PPO plan and an HMO plan? A PPO plan provides an open access approach. Members do not designate a primary care physician and they do not receive a referral or prior authorization before visiting a specialist. PPO plans require more cost sharing for members for medical services, such as the deductible and out-of-pocket coinsurance. HMO plans generally have a closed access approach. Blue Shield members designate a primary care physician and Kaiser members designate a personal plan physician. Care is coordinated through the designated physician.

Some common characteristics of PPO members are: That they're willing to share in plan expenses in order to have unrestricted freedom to choose healthcare providers. The members often live in rural locations, or are retirees who live out of state, or are members who travel frequently and require coverage portability.

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Commonly, our HMO members consist of younger more budget conscious families who are not particularly comfortable with the risk of cost sharing. HMO members normally live in urban locations.

Other plans offered in the CalPERS Health Benefit Program are the association plans. The association plans are offered exclusively to dues-paying members of these associations: The California Association of Highway Patrolmen, or CAHP, the California Correctional Peace Officers Association, CCPOA, and the Peace Officers Research Association of California, or PORAC. While these plans are available through CalPERS, we will not discuss their benefit design in this webinar as these plans apply to very few members. More information can be found on the association plans in the 2012 Health Plan Summary Booklet, or members may contact their association.

Bob Burton:

All right. Thank you, Terri. We're going to ask you some polling questions during today's program. The first question has to do with an earlier survey. We randomly selected members and employers to participate in the CalPERS Health Benefits Survey to find out about your priorities and preferences in health plan design.

Did you receive a survey as a member of an employer, or as an employer, and did you respond to the survey? So, please let us know about your experience in receiving the survey by selecting the appropriate response.

All right. Thank you. Now, it's time to hear from our business partners.

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